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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

DATE: September 27, 2006

TO: Assessors and Equalization Directors

FROM: Kelli Sobel, Executive Secretary State Tax Commission

SUBJECT: Supreme Court Decision in Ford v Woodhaven – Mutual Mistake of Fact

The State Tax Commission at their September 26, 2006 meeting accepted the Supreme Court decision in Ford v Woodhaven, which expanded the definition of mutual mistake of fact.

This decision issued June 28, 2006, indicated in part:

These cases call on this Court to interpret the meaning and applicability of the phrase “mutual mistake of fact” as it is used in MCL 211.53a. In each of these cases, petitioner Ford Motor Company (Ford) filed a personal property statement with the appropriate taxing jurisdiction, the respective respondents. But Ford misreported some of the information in its personal property statements. Because respondents’ assessors accepted and relied on Ford’s personal property statements as accurate when calculating Ford’s tax liability, respondents issued tax bills for amounts in excess of what would have been due had the statements been accurate. Ford paid the taxes, but it later sought refunds under MCL 211.53a when it discovered the errors, claiming the excessive taxes were paid because of a mutual mistake of fact.

We hold that Ford has stated valid claims of mutual mistake of fact that were intended to be remedied under MCL 211.53a. In these cases, Ford and respondents shared and relied on an erroneous belief about a material fact that affected the substance of the transactions. Our conclusion is consistent with the Legislature’s intent and the peculiar meaning the term “mutual mistake of fact” has acquired in our law. In dismissing Ford’s petitions, the Michigan Tax Tribunal (MTT) adopted a wrong principle and misapplied the law by failing to give the proper meaning to the legal term “mutual mistake of fact.” Further, we 3 hold that the MTT abused its discretion when it failed to allow Ford to amend its petition against respondent Bruce Township.